4. France

16. France's development assistance programme with regional orientation extends mainly to countries falling within the ambit of the Ministry for Cooperation and Development: namely, French-speaking West and Central Africa, the Maghreb countries and South Pacific countries. France provides direct assistance to regional cooperation activities in Africa, in addition to its bilateral assistance. Regional assistance by France to the Maghreb and South Pacific takes the form of coordination with recipients in order to enhance the effectiveness of both bilateral and regional development programmes or projects. There are also development assistance programmes with a regional orientation to Latin America. Regional assistance to Central America has replaced bilateral assistance to a certain extent, in view of the size of the countries concerned. For the rest of the Latin American region, a regional perspective is being integrated in order to enhance the complementarity of bilateral projects with the established economic cooperation and integration efforts in the region.

17. The development assistance programme provided by France for West and Central Africa falls broadly into three groups: (1) assistance to regional economic cooperation and integration groupings; (2) assistance to regional institutions; and (3) project assistance or technical assistance to inter-State development cooperation in geographic or sectoral activities.

(1) In the first group of activities, assistance consists of the Franc Area projects, which cover the regions under either the Bank of Central African States (BEAC) or the West African Monetary Union (UMAO). The Franc Area projects are intended to facilitate coordination of the legal, administrative and economic environment. Their main objective is to provide technical assistance to achieve regional coordination and harmonization of rules and regulations in such sectors and activities as insurance, social programmes, regional pools of economic and financial training (for training financial and economic personnel in public services), the centralization of regional trade and financial data, and business law.

(2) More narrowly focused assistance is being given to several regional institutions, though no details were available. France's assistance to the Permanent Interstate Committee on Drought Control in the Sahel (CILSS) is mainly through its multi-donor counterpart, the Club du Sahel.

(3) Assistance is being given for planning and implementing issue-specific or sectoral projects involving groups of countries or intergovernmental agencies. This group of assistance includes the assistance to the Benin-Niger railway and the Office Mali-Mauritania-Senegal.

18. The Economic, Social and Cultural Cooperation Fund for the South Pacific, signed in 1987, is the core of France's regional assistance programme for that area. The assistance consists of regionally managed project financing. Regional orientation suits most projects because of the size of the individual countries involved. Disbursement to the Fund, as reported, was FF 10 million (US$ 1.7 million) in 1986, FF 59 million (US$ 10.3 million) in 1987, FF 35 million (US$ 6.1 million) in 1988, FF 15 million (US$ 2.6 million) in 1989, FF 15 million (US$ 2.6 million) in 1990 and FF 15 million

(US$ 2.6 million) in 1991. Other regional assistance to this region includes education and training of personnel at the French University of the Pacific. There is also the Regional Pacific Programme for the Environment, with particular emphasis on fisheries resources.

5. Germany 10/

19. In general, Germany regards regional cooperation and integration as a potentially promising model for the development of developing countries and development cooperation. Experiences in this field of cooperation have been different. The past has shown that the success of efforts and projects undertaken by regional institutions depends very much on the efficiency of the work and the restraining circumstances to establish mutual assent among participating member States.

20. The information contained in table I represents the financial magnitude of development assistance programmes with regional orientation provided by Germany, as reported. The table shows focusing on African regional institutions as well as a general increase in 1991 after a year of uncertainty during structural changes in the world economy.

Table I

DEVELOPMENT ASSISTANCE PROGRAMMES WITH REGIONAL ORIENTATION PROVIDED BY GERMANY

(DM million)

	1988	1989	1990	1991
Africa				
Total	2 237.077	2 525.531	2 946.744	2 794.734
Regional	15.370	8.810	25.050	12.480
	(0.687%)	(0.349%)	(0.85%)	(0.447%)
North and Central America				
Total	727.284	771.667	902.791	817.406
Regional	1.413	1.669	0	3.500
	(0.19%)	(0.216%)	(0)	(0.428%)
South America a/				
Total	435.346	445.853	566.680	533.996
Regional	0.656	0.960	0	0.387
	(0.15%)	(0.215%)	0	(0.072%)

Source: "Informationsvermerk für des Ausschuss für wirtschaftliche Zusammenarbeit des Deutsches Budestages", Bundesministerium für Wirtschaftliche Zusammenarbeit und Entwicklung.

a/ Regional assistance to South America is to the Andean Pact/Andean Economic Bank.

6. Japan

23. Under the Enterprise for the Americas Initiative, the establishment of a fund was proposed to increase private investment and stimulate private sector expansion in Latin America and the Caribbean. In February 1990, as a result of discussions among prospective participating countries, an agreement to establish a US$ 1.26 billion Multilateral Investment Fund (MIF) was signed. Japan expressed its intention of contributing US$ 100 million per year to this fund over a five-year period. In addition, Japan is providing financing known as the Japan Special Fund (JSF) to the AsDB and the IDB. Such financing is utilized as grant aid for technical assistance and other similar activities. The accumulated contributions as of 31 December 1991 amounted to Yen 25.4 billion (US$ 240 million) for the AsDB, and Yen 13.5 billion (US$ 127 million) for the IDB. 11/

24. Japan maintains a very active partnership with ASEAN, which has been strengthened recently by the establishment of various funds, such as the ASEAN-Japan Development Fund (AJDF), which provided some US$ 1.7 billion between 1988 and 1992 in the form of a two-step loan. Japanese involvement in the regional economic cooperation efforts of ASEAN is to be considered, so far, as supplementary to Japan's own bilateral development assistance programme for individual countries in the region, rather than as being based on Japan's own policy of assistance to regional economic cooperation among developing countries.

25. Japan's development assistance programme includes the following elements which could be examined for their possible application in the planning of the regional economic cooperation activities of developing countries:

(1) Under the third country training programmes, a developing country with a certain standard of technology is provided with financial and technical assistance from Japan, enabling it to implement training programmes for trainees from the region. This arrangement fosters technical cooperation among the developing countries. Another advantage is the ability to implement training in ways that reflect conditions in the developing countries. 12/ In 1992, 62 training programmes were organized in 22 countries with 839 trainees from non-host countries and 218 trainees from host countries.

(2) The recently concluded "Partnership Programme" agreement between Japan and Singapore is the most advanced form of the above-mentioned third country training programmes, by which Singapore organizes training programmes in Singapore with the annual participation of 200 trainees, the cost being jointly shared by Japan and Singapore.

(3) With a view to formulating development assistance programmes according to the needs of the regions concerned, the use of non-Japanese consultants under Japanese ODA became feasible since 1988. 13/

26. Within the context of "Funds for Development" Initiatives, the Export-Import Bank of Japan agreed to provide up to US$ 5 million to the East African Development Bank (EADB) in September 1988, up to US$ 87.0 million to the Banco Centroamericano de Integración Económica (BCIE) in November 1989, up to US$ 38.0 million to the Corporacion Andina de Fomento (CAF) in October 1991 and up to US$ 19.0 million to the Banque Ouest Africaine de Développement

(BOAD) in April 1992. These loan arrangements are not tied to procurement of Japanese goods and services, and are intended to finance the regional lending programmes of these regional development banks.

7. New Zealand

27. New Zealand provides regional assistance to the Secretariat of the South Pacific Forum through programmes and projects for fishing agencies, the Applied Geo-Science Committee, Board of Educational Assessment, and the University of the South Pacific. Information relating to the late 1980s suggests that regional programmes, including support to regional shipping lines, accounted for some 7 per cent of total ODA to the region.

28. New Zealand also provides development assistance programmes for ASEAN, especially in the area of social development under the New Zealand-ASEAN Programme. For the regional programme for ASEAN, NZ$ 2.1 million (US$ 1.3 million) was allocated in 1988/1989, totalling NZ$ 12 million (US$ 6.9 million) for the five-year period ending in 1992.

8. Nordic countries

29. Cooperation between the Nordic countries and SADC is based on the "Joint Declaration on Expanded Economic and Cultural Cooperation", also called the Nordic-SADCC Initiative, signed at Harare in 1986. The NORSAD Fund, established in 1990, aims at promoting regional cooperation, and encouraging trade and investment, principally within the export-oriented industries of the area by making convertible currencies available for SADCC-Nordic joint ventures against payment in local currencies. NORSAD's initial capital, provided by the four Nordic countries, is roughly equal to US$ 31 million. In addition to NORSAD, the Nordic countries are also engaged in traditional project aid.

30. The volume of Nordic development assistance to SADC is difficult to quantify accurately, since it is not possible from the data available to distinguish "regional" or "transnational" activities from projects in any single SADC country. The record of development assistance programme disbursements by individual Nordic countries to SADC are as follows:

(1)	Denmark:	1988:	108 million Dan.Kr. (approx. US$ 17 million)
		1990:	150 million Dan.Kr. (approx. US$ 24 million)
(2)	Finland:	1989:	100 million Fin.Mk. (approx. US$ 23 million)
			560 million Fin.Mk. in the SADCC area
(3)	Norway:	1991:	216 million Nor.Kr (approx. US$ 30 million)
		1992:	161 million Nor.Kr (approx. US$ 23 million)
		1993:	165 million Nor.Kr (approx. US$ 23 million)

(Norwegian assistance to SADC encompasses approximately 40 projects, concentrating on a limited number of sectors such as transport, energy, trade and industry, and environment.)

(4) Sweden: No disbursement data available but the 1989/90 development assistance budget allocated Sw.Kr. 235 million (approx. US$ 41 million) for SADC activities.

31. Regional cooperation activities in non-SADC areas were undertaken on a bilateral basis. Finland extended assistance to the Mekong Committee, the Asian Institute of Technology and the Southern African Transport and Communications Commission. Sweden's development assistance budget made available Sw.Kr.285 million (US$ 48 million) in 1988/89 and Sw.Kr.305 million (US$ 52 million) in 1989/90 for such regional cooperation activities, of which Sw.Kr.235 million (approx. US$ 41 million) was for SADC. These amounts represent approximately 5 per cent of the development assistance budget.

9. Switzerland

32. Switzerland has a number of development assistance programmes for economic cooperation among developing countries, in addition to various projects in support of regional research institutes. In Western and Central Africa, total development assistance provided by Switzerland to regional programmes extends to the Sahel area with contributions to various institutions. Switzerland has made a commitment to the CILSS Programme agrométéologique, which is being executed by the World Meteorological Organization (WMO), of SwF 6 million (US$ 4.2 million) since 1990, SwF 0.7 million (US$ 0.5 million) being disbursed in 1992. The project "Equipe sylvopastorale", has received SwF 2.4 million (US$ 1.7 million) since 1984. SwF 2.1 million (US$ 1.5 million) has been committed as a support to the Club du Sahel through OECD since 1991. In addition, Switzerland has committed SwF 14 million (US$ 9.9 million) to the Central African Countries Development Bank (BDEAC) for specific activities since 1983 (disbursement in 1992 - SwF 0.2 million (US$ 0.15 million)), and SwF 25.2 million (US$ 17.8 million) to the regional development bank (BOAD) since 1982 for financial assistance and project studies. A mixed credit of SwF 20 million (US$ 14.1 million) has also been granted to BOAD.

33. In southern Africa, within the framework of SADC, Switzerland has contributed SwF 15 million (US$ 10.6 million) since 1987 to the Tanzania-Zambia Railway Authority Project (SwF 1.1 million (US$ 0.8 million) in 1992)). In Asia, SwF 14 million (US$ 9.9 million) have been committed since 1983, and SwF 1.7 million (US$ 1.2 million) were disbursed in 1992 to regional projects of the Committee for Coordination of Investigation of the Lower Mekong Basin. In Latin America, SwF 10 million (US$ 7.1 million) have been committed through the Inter-American Development Bank (IDB) since 1989, SwF 2.0 million (US$ 1.5 million) being disbursed in 1992. Switzerland also supports the Corporación Andina de Fomento (CAF) through a mixed credit of SwF 20 million (US$ 14.1 million).

10. United States 14/

34. The United States Agency for International Development (USAID) has its own administrative structure in Washington, D.C. to deal with regional projects. This structure is designed to support a range of activities related to trade and investment, private sector development and natural resource management in the region. USAID also has bilateral missions that undertake

regional projects including a regional perspective in their activities when it is felt necessary to achieve the objectives of the USAID mission's country strategy.

35. Regional assistance programmes by the United States in Africa are intended primarily to strengthen regional organizational linkages, largely among research institutions, and to promote the private sector. The resources allocated to this end were US$ 119 million in 1990, US$ 104 million in 1991 and US$ 127 million in 1992, excluding food aid. Programmes and projects implemented within the CILSS framework were for a considerable period of time an independent programme with a separate budgetary appropriation. It was subsequently merged with the programme now called "Development for Africa". Proposed commitments in the FY 1992 amount to US$ 107 million.

36. The primary strategy for United States programmes and projects for SADC is to help to restore the operational effectiveness of southern African rail links with a view to contributing to increase agricultural productivity and food security, to expand exports and to increase investment in production. Cumulatively, US$ 140 million had been committed to the transportation sector by the end of FY 1989. An unspecified amount had also been allocated to agriculture. USAID planned to finance 27 projects at a total cost of US$ 357 million in FY 1992. 15/ The information on the exact nature of all these projects is not yet available but they include projects to enhance export competitiveness (US$ 6.7 million) and to rehabilitate the NACATA rail corridor (US$ 25 million). USAID plans to commit US$ 750,000 in support of regional food security projects in Africa during FY 1990-1994. This is a part of a multi-donor effort involving Canada, France, Italy and the United Nations Food and Agriculture Organization (FAO).

37. Regional programme and projects in Central America include programmes in the area of the environment, projects to eliminate institutional and physical constraints to regional trade, the dissemination of child nutrition techniques, and programmes to foster pluralism and democracy on a regional basis. Resources for these activities were $26 million in 1990, $17 million in 1991 and $18 million in 1992. Assistance is being provided to the Caribbean region in support of programmes such as the Caribbean Basin Initiative, which is designed to assist entities such as the Caribbean Group for Cooperation in Economic Development. The programme's resources were $27 million in 1990, $19 million in 1991 and $24 million in 1992.

38. Three different regional programmes are being implemented by the United States in Asia and the South Pacific. One programme covers the South Pacific region and provides assistance to transportation and telecommunications mostly by means of technical assistance. Resources allocated in FY 1990 were $16 million, in FY 1991 $15 million and in FY 1992 $19 million. ASEAN-US Initiatives (AUI), signed in the 1980s, is intended to enhance bilateral (ASEAN-US) economic cooperation and trade relationships. Assistance has been mostly directed towards the finance and banking sector, the science and technology sector and the transport and communications sector, based on a budget of US$ 3 million in each of the fiscal years 1990-1992. Assistance is also being provided under a project entitled the ASEAN Private Investment and Trade Opportunities (PITO), which aims at enhancing intra-ASEAN trade and investment cooperation and technology transfer. The project has been designed in such a manner as to provide practical assistance to

intra-ASEAN activities in (1) trade and investment promotion; (2) policy analysis and problem solution; and (3) capital market development. It was expected that US$ 13 million would be allocated to it over a period of six years.

B. Record of multilateral assistance

39. Multilateral development assistance programme is often regarded as better suited to financing programmes and projects in support of a group of recipients in a wider geographical area than bilateral assistance. 16/

1. European Community

40. The European Community has given greater and more systematic emphasis than any other donors to programmes in favour of regional cooperation and integration directed to the recipients of its development assistance. An important part of the resources for such activities is specifically earmarked for this purpose within each of the four main development assistance programmes of the Commission, namely:

(1) Through the successive Lomé Conventions between the 12 EC members and the African, Caribbean and Pacific (ACP) Group of States (69 States), the Community has been providing development assistance in the form of grants to the ACP Group of States from the European Development Fund (EDF). The Fund's resources are off-budget and consist of contributions from the members of the Community with commitments over a five-year period. Additional assistance in the form of subsidized loans is provided by the European Investment Bank (EIB);

(2) The Mediterranean programmes have been largely based until now on cooperation agreements with each beneficiary country normally accompanied by renewable five-year financing "protocols". The resources for these programmes are made available both by the general appropriations from the Community's budget (in the case of grants) and by the EIB's own funds (in the case of subsidized loans). Additional financing, outside the cooperation agreements and their financial protocols, has been established since 1992 for the support of economic reforms, for environmental measures and for the promotion of regional cooperation;

(3) The rest of the developing world is covered by the ALA (Asia and Latin America) programmes. Unlike the case of the ACP and the Mediterranean programmes, the financing for these programmes is not established in the Community's agreement with those countries (nor in accompanying protocols). Although there is a pluriannual total that both the Community (in the case of grants) and the EIB (in the case of loans) envisage channelling to the countries in question, the specific amount each country receives depends on the merits of each of the projects.

41. Since the first Lomé Convention, approximately 10 per cent of the total EDF has been allocated to regional programmes for the financing of activities covering a number of countries or regional groupings for joint development operations. Examples of such projects are the Northern and Central Corridors (infrastructure in Africa); the Congo-Ocean railway; West African road construction; tsetse fly eradication; support to the University of the West

Indies, and Pacific telecommunications projects through the South Pacific Forum. The total resources approved from EDF are as follows: 17/

	Approved		% of total EDF
Lomé I	UA*	1 300 million	10% / 4th EDF
Lomé II	Ecu	632 million	13% / 5th EDF
Lomé III	Ecu	689 million	13.5% / 6th EDF
Lomé IV	Ecu	1 100 million	

*1UA = 0.89 gramme of gold until 1975

42. Under the fourth Lomé Convention, the amount of Ecu 1,100 million has been set aside from EDF resources for regional cooperation. In addition to these concessional resources, the European Investment Bank's subsidized loans are also available. A Commission document notes that during Lomé IV particular attention will be paid to regional economic integration, namely, promoting ACP trade by means of, for instance, clearing houses. A number of different programmes and projects are being implemented, including: (1) direct support for market integration to institutions such as CARICOM, CEAO and ECOWAS; and (2) project support to CILSS, the Indian Ocean Commission, SADC and the South Pacific Forum. Recipients of regional development assistance from EDF also include ASECNA (Association for Air Navigation Security in Africa), OMVS (Organization for Exploitation of the Resources of the Senegal River), OECS (Organization of Eastern Caribbean States), PTA and SPEC (South Pacific Economic Commission).

43. Within the framework of cooperation with the ALA countries, ASEAN is the only regional group in Asia that, for the time being, has received technical and financial assistance from the Community. A cooperative agreement was signed by the EC and the ASEAN countries in the early 1980s, but support for intra-ASEAN cooperation, owing to the reported lack of requests on the part of ASEAN, was never a high priority. Although substantive development assistance, especially in the human resources sector, has been provided by the European Community, the dialogue partnership has been viewed more as a market and investment opportunity for both parties rather than as a development cooperation partnership.

44. Regional cooperation plays a major role in EC cooperation with Latin America (35 per cent of total commitments in the region). For 1993, the amount of Ecu 105 million was allocated for regional cooperation in South and Central America. Since the mid-1980s, the EC has had cooperation agreements with both the Central American and the Andean countries as groupings, and their regional institutions (JUNAC, SIECA, CAF, BCIE, etc.) have received substantial support over the years. As regards Mercosur, the EC has had an inter-institutional cooperation agreement with this area since 1992 (while also maintaining bilateral cooperation agreements with each of its member States). Support for regional cooperation and projects in Central America (which included support for payments clearing mechanisms and for building up regional export capabilities) and the Andean Pact countries amounted to about Ecu 285 million and Ecu 100 million over the period 1976-1993. Mercosur received more than 20 million (which included support for the PEC (Special Plan of Economic Cooperation for Central America) and Lake Titicaca projects).

45. Under the "New Mediterranean Policy" in effect since 1992, the Community has set aside Ecu 300 million of concessional resources for regional cooperation among the countries concerned. An additional Ecu 1.8 billion in EIB loans is also available for regional activities. Under this new policy, 500 million is earmarked for environmental activities. Noting the relative absence of both market integration and other forms of cooperation in the region, the European Community is trying to encourage the interpenetration of these economies and societies as a way of securing both economic progress and political and social stability in the region.

2. United Nations system

46. The United Nations system has long been involved with channelling multilateral development assistance to enhance the regional economic cooperation efforts of developing countries. Development assistance provided through the United Nations system forms part of its operational activities, which are financed multilaterally through the United Nations Development Programme (UNDP) and other funding agencies. UNDP finances regional projects, in addition to country projects, as the way to solve developmental issues at the level of a specific region, given the obvious economies of scale in such an approach. Features of the assistance provided by UNDP, as reported to its Governing Council at its fifteenth session in the report of the Administrator entitled "Regional economic integration" (DP/1993/14, 29 January 1993), is that "the process of regional economic integration has been supported by UNDP as involving a broadly based set of activities. In the past, support was given in areas such as the establishment of common standards in the regions, for example in civil aviation and telecommunications. UNDP also assisted in the creation of research networks in areas such as agriculture. Nevertheless, the most visible motor of regional economic integration has been the development of trade and support for the creation of institutions needed to promote the expansion of intra-regional trade". 18/ The report, nevertheless, concluded that the emphasis for the future may shift towards the promotion of regional economic cooperation rather than regional economic integration.

47. In the African region, UNDP approved and funded 51 regional and subregional integration projects during the fourth programming cycle (1987-1991), at a total cost of US$ 38,808,629. According to the report of the Administrator, "the main beneficiaries were the Organization of African Unity, the Preferential Trade Area, the Southern African Development Coordinating Conference, the Indian Ocean Commission, the Economic Community of Central African States, the Economic Community of the Great Lakes Countries, the Economic Community of West African States, and the West African Economic Community." 19/ In evaluating the assistance provided to Africa, the report concluded that there is a "lack of commitment on the part of the member States" 20/ to those organizations. In addition, the report emphasized the need for rationalizing and harmonizing those organizations, and concluded that "there are currently more than 200 organizations in Africa involved in regional cooperation competing for the scarce financial, manpower and administrative resources. The constraints which they suffer and the inevitable dispersion of effort have impeded the coordination and harmonization of national development efforts and the promotion of interregional trade". 21/

48. In Latin America and the Caribbean region, UNDP-funded sectoral cooperation and joint projects have often been coordinated within the activities of existing subregional entities such as the Caribbean Community (CARICOM), the Andean Pact, the Mercosur area, the River Plate area, and the Treaty of Amazonian Cooperation countries. Aside from those entities, the main partners in UNDP support for the Latin American and Caribbean integration and cooperation process have been the Economic Commission for Latin America and the Caribbean (ECLAC), SELA (Latin American Economic System), ALADI (Latin American Integration Association), JUNAC (Cartagena Agreement of Andean countries) and, more recently, the Amazonian Pact. The ongoing projects totalled to 102 in number, or US$ 54,648,640 in value, as of the end of 1991. The field of economic integration and enhancement of existing subregional institutions is expected to be emphasized more strongly as a result of requests from those regional groupings.

49. The multiplicity of institutions dedicated to integration in the Latin American and Caribbean region has been seen as evidence of growing regional cohesion, but there has also been concern over the problem of institutional fragmentation, and the fact that, as in the African region discussed above, many institutions have had to operate with inadequate resources. The mid-term review of the fourth programming cycle nevertheless recommended that the regional programme should continue to operate with existing institutions as instruments of regional development, cooperation and integration, and that UNDP should encourage efforts by those institutions to define their distinct but complementary functions in the regional integration process. 22/

50. In Asia, UNDP started subregional programmes, as one of the special features of its fourth programming cycle (1987-1991) in support of economic integration and cooperation through the Association of South East Asian Nations (ASEAN) and the Pacific Island countries. Of the total fourth programming cycle resources of US$ 224 million allocated to intercountry activities, US$ 13 million have been committed to ASEAN. UNDP has been designated as one of ASEAN's official dialogue partners. In South Asia, it is reported that the South Asian Association for Regional Cooperation (SAARC) is seeking executing agency status should it commence a dialogue with UNDP regarding the targets and operational modalities of short and long-term planned activities. The South Pacific countries received US$ 31 million for subregional programmes during the same period.

51. In connection with the development assistance provided through UNDP, the report of the Administrator states that "UNDP programmes in economic management and reform envisage considerable use of technical cooperation among developing countries (TCDC) modalities, making good use of existing national and regional institutions and promoting networking among them. Asian governmental and non-governmental institutions, especially universities, research groups and commercial and manufacturing associations, have substantial experience available for sharing through technical cooperation. Several countries have active national TCDC programmes supported by UNDP and national funding sources". 23/

52. In the Arab region, the UNDP funded 86 regional projects to the amount of US$ 65.9 million as of the end of 1991. In the field of economic integration alone, 30 regional projects were approved for the fourth programming cycle,

for a total of US$ 27 million. In terms of UNDP-funded assistance programmes to regional organizations or groupings, the League of Arab Nations has been receiving co-financing for its regional projects and support to its secretariat from the UNDP. In the case of the Arab Maghreb Union (AMU), UNDP has earmarked US$ 600,000 from the fifth programming cycle, matched by an equal amount of cost-sharing by the AMU secretariat.

53. Assistance to the Gulf Cooperation Council was largely of an advisory nature, in the form of short-term consultancies to assist the secretariat in the assessment of studies and reports prepared by private consulting firms, particularly in the area of trade. In addition, development assistance was extended for the establishment of a network of information systems (ARISNET) through the Arab League Documentation and Information Network, and to the recently created Centre for Environment and Development in the Arab Region and Europe (CEDARE), which is expected to be the focus of environmental activities related to sustainable development in the Arab region and the Mediterranean basin. 24/

3. International financial institutions

54. Table III indicates the flows of Official Development Finance (ODF) made available through the main international financial institutions. The scope and features of these flows disbursed to regional entities need to be identified, grouped and further studied; such studies, however, are not being carried out due to the lack of resources.

Table III

CONCESSIONAL AND NON-CONCESSIONAL DISBURSEMENTS BY THE MAIN MULTILATERAL ORGANIZATIONS, 1989-1990

	Net flows		Gross flows	
	$ million	$ million	% of concessional or non-concessional	% of overall total
Major financial institutions		Concessional		
IDA	3 589	3 815	33.6	12.7
IDB	150	373	3.3	1.2
African Development Fund	548	566	5.0	1.9
Asian Development Fund	1 010	1 052	9.3	3.5
IFAD	181	230	2.0	0.8
Other a/	562	1 005	8.8	3.3
Sub-total	6 040	7 041	62.0	23.4
United Nations				
UNDP	1 053	1 053	9.3	3.5
Other United Nations	3 268	3 268	28.7	10.8
Sub-total	4 321	4 321	38.0	14.3
TOTAL	10 361	11 362	100.0	37.7
		Non-concessional		
IBRD	4 156	12 050	64.2	40.0
IFC	886	1 410	7.5	4.7
IDB	1 159	2 161	11.5	7.2
African Development Bank	908	1 124	6.0	3.7
Asian Development Bank	933	1 518	8.1	5.0
Others b/	322	493	2.6	1.6
TOTAL	8 364	18 756	100.0	62.3
OVERALL TOTAL	18 725	30 118	-	100.0

Source: This table is rearranged from table 8 on page A-17 of the 1992 Report by the Chairman of the Development Advisory Committee.

a/ Council of Europe, Caribbean Development Bank, IMF Trust Fund, SAF and ESAF.

b/ Council of Europe, Caribbean Development Bank.

Note: Excluding EC.

Chapter II

CONVENTIONAL AND EMERGING POLICY FRAMEWORKS FOR DEVELOPMENT ASSISTANCE PROGRAMMES WITH A REGIONAL ORIENTATION AND PERSPECTIVES

A. Conventional policy framework and existing arrangements and framework for dialogue partnership

55. Among the bilateral donors there appear to be several schools of thought on the development assistance programme with regional orientation and perspectives. Canada and France, for instance, are vigorous supporters of the regional cooperation and integration efforts of developing countries and have already incorporated a regional dimension and perspectives into their development assistance policy. Other bilateral donors, although acknowledging the prospective benefits, consider that the needs for which they provide development assistance to groupings have been and will be best met by financial and other contributions channelled through multilateral agencies and international financial institutions. This view is shared by most of the members of the European Community. They believe that development assistance on a regional basis is already being provided by the Commission on their behalf, thus fulfilling their share of the "duty" to assist such activities.

56. According to the experiences of Germany with regional institutions, the success of a development assistance programme with regional perspectives depends essentially on the political will of the governments of the developing countries concerned. Past experience indicates the following, in addition to a number of points discussed in paragraph 58 below:

- Many institutions cannot survive without continuous financial flows from the donors, while member States do not make any substantial financial contributions;

- Association is sought primarily with a view to mobilizing additional donor resources but not to make binding decisions;

- A bleak economic and political situation in the member countries has a negative impact on the effectiveness of institutions;

- Managerial posts are filled according to regional quotas rather than ability;

57. Germany also believes that the objectives of over 200 regional institutions in Africa overlap in part, that they are rarely incorporated into national development strategies, and that the administration of the institutions is clumsy with unsystematic actions and functions. Regional entities are nevertheless expected to fulfil such important functions as:

- promotion of regional integration and security;

- improvement of trade relations;

- provision of public resources and services, that is too costly for individual members (training, research, infrastructure); and

- protection of resources, which is often financially viable only on a supranational basis.

58. Donors in the third group, however, are sceptical about the effectiveness and efficiency of regional initiatives of developing countries, as they have seen no improvement in the problems perceived as impediments to the success of regional cooperation in general. Their concern is based on their evaluation of the past performance of groupings, especially regional integration groupings, and observation of the current financial and technical capacities of many groupings to pursue the objectives for which they were established. In their past association with groupings, many donors have encountered a number of problems owing to the lack of political will on the part of the governments of countries members of those groupings to cooperate, to delegate tasks and to make financial contributions. There have been numerous instances of operational agreements made and commitments expressed at the regional level which, the donors believe, are brought to a halt once they reach the implementation stage at the country level. This in turn leads to donor criticism of groupings. The operational difficulties encountered by the donors indicate that their assistance to groupings is far more time-consuming than in the case of bilateral country programmes, owing to the lengthy process of decision making within groupings, the complex process of planning, coordination and implementation between donors and recipient governments, as well as between donors and groupings, and the need to search for possible co-financing when the contributions from the groupings are not forthcoming as planned.

59. The United Kingdom believes that the regional groupings must be able to demonstrate a credible organizational structure, and a commitment from their members to the cause of regional integration; they must also be able to explain the potential benefits of the groupings themselves. Otherwise, unless the criteria of effectiveness and value for money can be met, regional groupings are likely to lose out to competing calls for development assistance from individual countries.

60. The European Community has a long history of providing financial and technical assistance to the regional cooperation and integration efforts of developing countries. In 1969, the Second Yaoundé Convention (the predecessor to the Lomé Conventions) had already acknowledged regional groupings as potential recipients of support by the Community. Specific policy guidelines for the Community's support to regional cooperation and integration were first set in 1974. Since then, in the light of the Community's own accumulated experience regarding European regional cooperation and integration efforts, extensive financial and technical assistance has been provided at the request of recipients. The Community's commitment to the support of regional cooperation among developing countries remains strong for the 1990s, as regional cooperation is acknowledged to be one of the priority areas in development assistance during the present period.

61. Extensive assistance for regional cooperation is also a result of the Community's own official dialogue partnerships with several groupings of

developing countries. The dialogue partnerships take the form of annual (or bi-annual) ministerial meetings, in which the representatives of the Member States of the Community and the governments of the developing countries discuss various international issues as well as bilateral matters of common interest relating to political, economic, and development cooperation. Apart from financial flows and technical assistance, further support for developing countries' integration efforts is provided in the area of trade. This is done under the EC's generalized scheme of preferences, by granting "regional cumulation" treatment for the rules of origin of products originating in countries belonging to regional groupings.

62. There appear to be several schools of thought on the issues of regional economic cooperation and integration within the World Bank, although the official view is supportive of regional economic cooperation and integration efforts. Bureaux and Offices within the World Bank involved in regional structural adjustment loans to southern and eastern Africa and the restructuring of UDEAC, those active behind the UMOA initiative and those involved at the country level in regional initiatives, such as the livestock action plan for Mali, Burkina Faso and Côte d'Ivoire, are reportedly supportive of the regional approach. 25/

63. Those at the World Bank favouring regional economic cooperation and integration also place "importance on the need to improve transport infrastructure, telecommunications services, etc. in order to achieve growth in the region. Among other forms of regional cooperation, they support a re-thinking of regional infrastructure development and incorporating regional needs into national infrastructure investment plans; regional cooperation in the areas of research and education; and regional cooperation efforts in the area of natural resource management". 26/

64. The way in which the network of multilateral agencies has been developed and refined can be regarded as one of the important achievements of international cooperation, in view particularly of the manner in which policies and operations are determined by their member governments. The initiative of those multilateral agencies requires to be examined and expanded within this framework in order to complement and/or support the development assistance provided by the bilateral donors. In this connection, the remarks made by the Chairman of DAC in his 1992 Report are noteworthy. He stated, inter alia, that the Nordic Study "highlighted a need for a clearer definition of the respective roles of the United Nations system and the World Bank Group, based on each other's comparative advantage", 27/ and that general agreements now exist that "the regional development banks, while remaining primarily project-oriented, should develop policy-based programme lending instruments still further, working in concert with the World Bank and IMF". 28/

65. Several initiatives with regional perspectives in a variety of forms have already been put in place. The European Community, for instance, in addition to its cooperation with the African, the Caribbean and Pacific Group of States (ACP) under the Lomé Conventions, has established a political dialogue and economic cooperation with Central American governments through the San José Process; with the Latin American countries at large through the Rio Dialogue; and with the Gulf Cooperation Council and the Association of South East Asian

Nations (ASEAN), among others. The Caribbean Basin Initiative involving the United States and countries in and around the Caribbean used increased market access and other incentives to foster an upward spiral of foreign investment and export growth in non-traditional sectors. The Enterprise for the Americas Initiative offers the prospect of linking together the economic development of the entire Western Hemisphere on the basis of outward-looking strategies and internal economic liberalization. The Global Coalition for Africa is endeavouring to improve development policy dialogue between the donors and the entire African continent. The Nordic countries and other donors are engaged in an ongoing dialogue with the Southern Africa Development Community (SADC). Within the West African Franc Area, projects are already at a very advanced stage in a number of domains: the signature of an insurance treaty in July 1992 and preparations for the harmonization of business law and social welfare systems. Finally, the creation of an economic union comprising the present currency areas is envisaged. Australia and New Zealand have engaged the Pacific Island countries in a political and economic forum for nearly two decades. 29/

66. All 20 DAC donor governments and the Commission of the European Community are providing some form of financial or technical assistance to regional groupings. The main beneficiaries of such assistance have been ASEAN, CILSS and SADC, all of which have an established dialogue partnership with donors.

Dialogue Partnership with the DAC Donors

	ASEAN	CILSS/Club du Sahel	SADC
Australia	*		*
Austria		*	
Belgium			*
Canada	*	*	*
Denmark		*	*
Finland			*
France		*	*
Germany		*	*
Ireland			
Italy		*	*
Japan	*	*	*
Netherlands		*	*
New Zealand	*		*
Norway			*
Sweden			*
Switzerland		*	*
United Kingdom			*
United States	*	*	*
European Community	*		*

67. ASEAN has established official dialogue partnerships with a number of DAC members and with UNDP. This partnership provides opportunities for high-level officials on both sides to discuss matters related, inter alia, to trade arrangements between ASEAN and its partners and to development cooperation.

Each dialogue partner offers its own ASEAN programmes and projects, in addition to bilateral development assistance. ASEAN maintains an independent and bilateral agreement with each of its dialogue partners. The development assistance from the dialogue partners often incorporates the donors' interest in enhancing the business network, trade flows, and investment opportunities in industrialization, minerals and energy, transport and communications and investment, the areas where economic growth is most promising. The partnership with ASEAN offers new and potentially lucrative trade opportunities, while the members of ASEAN envisage a possible increase in foreign direct investment and technology transfer.

68. CILSS (Comité permanent interétat de lutte contre la sécheresse dans le Sahel/Permanent Interstate Committee for Drought Control in the Sahel) was formed by nine countries in West Africa in 1973 with a view to tackling environmental degradation and to improving food security in the region. CILSS receives technical assistance from the Club du Sahel, the members of which are the DAC donor countries. The Club du Sahel was set up in 1976 to promote the objectives of CILSS. Up to this date, the Club du Sahel has been central to the planning and evaluation of various CILSS projects, especially in the area of development research and promotion of dialogue between the CILSS member countries and the DAC members.

69. SADC maintains close links with its dialogue partners through the arrangement for co-financing and evaluation of SADC projects with the dialogue partners at an annual conference. The SADC dialogue partnership may therefore be considered as a kind of consultative conference, although the final agreement is concluded between SADC and individual donors in the form of interrelated bilateral agreements. Out of total project financing for 1990-1991, 88.9 per cent was expected to be financed through external assistance.

B. Renewed rationale for regional initiatives

70. Since the end of the 1980s, both donors and recipients have witnessed various changes in the environment surrounding the conventional framework of ODA, which have implications for the ODA policy for regional cooperation in developing countries. Firstly, both the donors and recipients have become more aware of the "... emergence of shared problems, such as environment, narcotics, AIDS and migration ...", 30/ which require increased coordination of policies and activities on a regional if not a global scale.

71. Secondly, the growing trend towards the formation of trading blocs, encouraged the middle-income developing countries to seek opportunities for regional economic integration with a gate open to "the North". Mexico's prospects of securing an export market for its manufacturing products and an increase in foreign direct investment have encouraged other Central and Latin American countries to pursue the Enterprise for the Americas Initiative. In Asia, in addition to ASEAN's own efforts to establish AFTA by the year 2008, ASEAN and other newly industrializing economies contemplate a new possibility of increasing the economic linkage with the developed economies of Australia, Canada, Japan and the United States through the Asia-Pacific Economic Cooperation (APEC).

72. Thirdly, the recent drastic political changes have redrawn the map of ODA recipients, expanding it to include many countries in transition. The grants and concessional loans to this area from DAC donors in 1990 amounted to US$ 1.5 billion, which is just below total DAC ODA to China, the third largest share of DAC ODA for 1990-1991. At the same time, many DAC donors have faced economic recession in the past few years, with adverse effects on their ODA budgets and disbursements. Under the circumstances, a number of DAC donors have started to examine the ways in which their ODA can be programmed and implemented on a regional basis for greater cost efficiency in certain fields. The gradually increasing emphasis placed by both multilateral and bilateral donors on projects for regional cooperation in Africa is the expression of their hope of attaining the most efficient result possible with the given resources.

73. The political and economic changes referred to above have induced donors to review their conventional country-oriented development assistance so that a regional dimension and perspectives could be incorporated into their development assistance policy, while developing countries at a more advanced stage of development are encouraged to extend their assistance to the least developed among them through the ECDC/TCDC framework, with which conventional donors may wish to associate themselves. The meeting organized by the OECD/DAC secretariat in September 1992 was intended, in fact, for a discussion of the future orientation of development assistance programmes and policies with a view to facilitating regional initiatives by developing countries in the 1990s. Special attention was given to the strategic importance of regional cooperation, the need for infrastructure and the economic capacity of individual regions to enhance regional economic cooperation efforts.

74. On the other hand, the donor community appreciates the fact that many of the ECDC actors and participants are reassessing and revising their priorities, structures and responses with respect to regional cooperation and integration, by examining the reasons for their failure in the past and policy and programme structure for the future. In this regard, the degree of real commitment on the part of all ECDC actors and participants, particularly government members to regional entities, is considered to be essential for attracting support from the donors, including those which are as yet reluctant to join the vigorous supporters of regional development assistance programmes.

75. The growing gap between the economic growth of the middle-income countries and the low-income countries has given rise to a new rationale for increasing regional cooperation among developing countries. The gap is particularly evident between the countries of East Asia (including China), which have demonstrated one of the highest rates of economic growth and those in sub-Saharan Africa. Most countries in the region have faced complete economic stagnation. 31/

76. Regional cooperation would pave the way for the exchange of experience and strategies between developing countries at a more advanced stage of development and the other developing countries at a less advanced stage. Especially among countries with geographical, political, cultural, and other similarities, such a cooperation framework can provide the basis for mutually beneficial arrangements. Newly industrializing economies may wish to initiate their role as donors through a framework of regional cooperation.

C. Possible framework of policy reorientation

77. As stated above donors are gradually shifting from general indifference to more positive consideration of, and ultimately active involvement in, a development assistance policy with a regional orientation. In order for this renewed interest to motivate the donor community to translate the shift in the general framework of their development assistance policy towards further incorporation of a regional orientation and perspectives into their development strategies, the lack of credibility of regional arrangements needs to be tackled squarely by all ECDC actors and participants. Similarly, the fact that the donors have received very few requests from prospective recipients for assistance to regional cooperation can be interpreted by the donors as meaning that the recipients have no need of such support. In addition to these issues, which require the attention and commitment of the political leaders of the developing world, the following issues may also have to be addressed in order to improve the scope and effectiveness of the subregional, regional and interregional components of the development assistance programmes of the donor community.

1. Potential areas for regional initiatives

78. According to OECD studies, there has been a visible shift, among a number of ECDC actors and participants away from rigid integration schemes to less binding project-oriented cooperation schemes. More flexible approaches are being tested to enable participants to proceed at different speeds and to keep arrangements open for future participants. Such flexible approaches can be found, according to those studies, in the arrangements for the Central American Common Market, the Southern Cone Common Market, the Caribbean Community and the South Asian Association for Regional Cooperation. In addition, although trade remains important, there is growing recognition among the donors that regional initiatives could and should go well beyond trade.

79. The majority of bilateral donors recognize the need for assessing and coping with the possible spill-over effects into other areas of their policies designed for certain objectives. Consequently, they emphasize the need for greater coordination and coherence between their development assistance policy and policies covering areas such as trade, macroeconomic management, finance and agriculture.

80. ECDC actors and participants may wish to benefit, in planning their activities, from the arrangements and facilities existing in the donors for them to organize training programmes with financial assistance from the donors and to provide and/or recruit competent experts as consultants for designing and implementing development assistance projects with financial resources made available by the donors to that end.

2. Structural adjustment programmes within the regional context

81. In the past, insufficient attention was paid to the spill-over effects of national policies and measures formulated in connection with structural adjustment programmes in developing countries. There is now an increasing recognition of the need to take the regional dimension into account when structural adjustment programmes and policies are being formulated. The

Africa Regional Bureau of the World Bank, for instance, is reportedly involved with the regional structural adjustment loans in southern and Eastern Africa. Such a supportive policy on the part of the Bank would encourage a greater commitment from bilateral donors to assist regional cooperation among developing countries. At the meetings organized by the European Community in October 1991 and February 1992, in connection with the Special Programme of Assistance (SPA) to the indebted sub-Saharan African countries, the European Community called for further studies on possible approaches to incorporate a regional dimension into structural adjustment programmes, suggesting that it may play a key role in development assistance to regional groupings and intergovernmental organizations in sub-Saharan Africa in the next decade. In its report, "Regional integration and structural adjustment", the Community identified a number of fields where regional integration and structural adjustment might be mutually reinforcing, such as coordination of macroeconomic and sectoral policies among neighbouring countries.

82. This approach is justified on the grounds that the short-term and long-term cost of structural adjustment programmes to the recipient countries may be reduced if they are reviewed regionally, by avoiding the negative spill-over effects on the neighbouring countries as a result of structural adjustment schemes. Structural adjustment programmes may also play a complementary role in regional integration when, for instance, trade liberalization as a part of structural adjustment is designed jointly in a region, so that implementation of structural adjustment programmes would be a direct part of the groundwork for regional integration. Adverse effects and/or the possible complementarity of structural adjustment programmes for regional integration will be discussed further by the donor community in the following SPA meetings.

3. Official Development Finance (ODF) other than Official Development Assistance (ODA)

83. The primary objectives of the discussions in the Intergovernmental Group of Experts were to prepare the ground for the Standing Committee to have a policy discussion on improvement of the scope and effectiveness of the regional components of donors, development assistance policy, namely, Official Development Assistance (ODA) as applied to the regional dimension and perspective. In addition to ODA, both bilateral and multilateral donors have a provision for Offiqial Development Finance (ODF) other than ODA, which has played and continues to play a role of similar importance in assisting the developing countries in their development efforts.

84. In order for the discussion on financial and other support by the donor community to the regional economic cooperation efforts of developing countries to be placed within the context of the entire development assistance policy measures and framework available in the donor community, information on the subregional, regional and interregional components of ODF other than ODA available in the donors may have to be compiled and examined in a systematic manner.

4. Organizational and administrative structure of the donor agencies including the related reporting system

85. Several donors have already adjusted their internal organizational structure and planning and budgeting procedures in order to promote regional initiative of developing countries. However, in preparing this report, the secretariat found the related information was not complete. The paucity of the information may have been due to the fact that there was little to report in the case of many donors. Again information may not have been supplied owing to the absence of instructions in the DAC Directives relative to the reporting of regional components of development assistance programmes and projects.

5. Policy dialogue for promoting regional initiatives

86. The success of policy dialogue by the European Community, the Nordic countries, and several other donors with a number of ECDC actors and participants suggests that a dialogue framework between the donors on the one hand, and recipient groupings and other relevant ECDC actors and participants on the other concerning the issues of regional economic cooperation and integration could potentially provide the means of harmonizing and coordinating the efforts of the donor community. In addition, such a framework could provide the recipients with guidance regarding the manner in which their requests for internal financial and other assistance should be presented together with the expression of the political and financial involvement and commitments of the Governments concerned. The framework might first be devised as a number of focal points for information channelling. Donors may wish to provide, through such a framework, information regarding the policy measures and framework pertaining to the development assistance available to the ECDC actors and participants, particularly information on the provision of financial resources on concessional terms, as well as on the criteria governing acceptance by the donor community of the requests for such assistance. ECDC actors, on the other hand, may wish to present their developmental objectives and related external financial requirements, together with their own political, financial and other commitments, in a format that is understandable to the donors. The lack of information on this matter seems to have hindered the donors in properly assessing the activities, objectives and commitment of the ECDC actors, including governments, thus leading donors to conclude that the ECDC actors lack the political will to succeed with regional arrangements and initiatives.

Notes

1/ See TD/B/39(2)/16, TD/B/CN.3/5, annex II, para. 4.

2/ See TD/B/39(2)/16, TD/B/CN.3/5, para. 42 (a).

3/ Miho Shirotori, "Review of international support for regional integration and cooperation among developing countries" (UNCTAD/ECDC/232), 10 February 1993.

4/ The members of the Development Assistance Committee of OECD are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom and United States.

5/ The term "regional" henceforth refers also to "subregional" and "interregional".

6/ See "1992 Report by the Chairman of DAC", Paris, 1992, p. 22.

7/ Ibid., p. 23.

8/ The figure is an approximate estimate of actual DAC assistance to regional economic cooperation efforts of developing countries, owing to the utter absence of factual statistics on, or even the definition of, development assistance to regional cooperation efforts. Most donor countries have customarily included their regional assistance in the country projects budget.

9/ The Southern African Development Coordination Conference (SADCC) became the Southern African Development Community (SADC) in August 1992. For ease of reference, SADC is used henceforward in this report unless reference to SADCC is required from the organizational point of view.

10/ Most of the information contained in this sub-chapter was supplied, through the good offices of the Permanent Mission of Germany, by the Bundesministerium für Wirtschaftliche Zusammenarbeit und Entwicklung in its Informationsvermerk Nr 13/19 entitled "Informationvermerk für den Ausschuss für Wirtschaftliche Zusammenarbeit".

11/ Japan's ODA 1992, Ministry of Foreign Affairs, Tokyo, pp. 120-121.

12/ Ibid., p. 96.

13/ Ibid., p. 102.

14/ Based on the budget data taken from the United States Agency for International Development, "Congressional presentation".

15/ This figure refers to the total "life of projects" cost rather than to the volume of commitments during FY 1992, which was US$ 50 million, as budgeted.

16/ See Casseu, R. & Associates "Does aid work?, Report to an Intergovernmental Task Force", United Kingdom, 1986, pp. 281-282.

17/ "Financial cooperation under the Lomé Convention. Review of Aid at the end of 1992".

18/ Report by the UNDP Administrator, "Regional economic integration" (DP/1993/14), 29 January 1993, para. 48.

19/ Ibid., para. 3.

20/ Ibid., para. 4.

21/ Ibid., para. 11.

22/ Ibid., paras. 17 and 20.

23/ Ibid., para. 31.

24/ Ibid., paras. 37, 42 and 43.

25/ "Donors strategic design and planning" (SAH(93)/40), CINERGIE, April 1993, p. 42.

26/ Ibid., p. 43.

27/ Development Co-operation, 1992 Report by the Chairman of DAC, Paris 1992, p. 93.

28/ Ibid.

29/ Ibid., pp. 42-43.

30/ Ibid., p. 5.

31/ World Development Report 1991, World Bank (1991), p. 3.

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